

IRS UNVEILS OFFSHORE VOLUNTARY COMPLIANCE INITIATIVE; CHANCE FOR 'CREDIT-CARD ABUSERS' TO CLEAR UP THEIR TAX LIABILITIES

Internal Revenue Service officials have announced the launch of an initiative aimed at bringing taxpayers who used "offshore" payment cards or other offshore financial arrangements to hide their income back into compliance with tax law.

Under the Offshore Voluntary Compliance Initiative, eligible taxpayers who step forward will not face civil fraud and information return penalties. However, taxpayers will still have to pay back taxes, interest and certain accuracy or delinquency penalties.

The Initiative reflects an attempt to bring taxpayers back into compliance quickly while simultaneously gathering more information about the promoters of these offshore schemes. As part of the request to participate, the taxpayer must provide full details on those who promoted or solicited the offshore financial arrangement. The IRS will use this information to pursue promoters.

Under the Initiative, eligible taxpayers will have to file or amend their returns and pay interest and certain civil penalties, as well as the tax. For example, a taxpayer who understated his income to avoid \$100,000 in taxes in 1999 would wind up paying \$149,319 to the government. This includes the tax liability plus \$29,319 in interest and an additional accuracy-related penalty of \$20,000. If a taxpayer did not step forward, his tax liability generally would include the civil fraud penalty of \$75,000, and therefore higher interest of \$42,758. The total amount due would be \$217,758, without considering probable additional civil penalties for failure to file certain information returns.

To apply for the Initiative, taxpayers must notify the IRS in writing and provide their name, taxpayer identification number, current address, daytime phone number and certain promoter information. The last day a taxpayer can apply is April 15, 2003.

Written requests for the Voluntary Compliance Initiative can be sent to:

Regular Mail	National Offshore Voluntary Compliance Initiative Coordinator P.O. Box 480 Bensalem, PA, 19020
--------------	--

Overnight/ Special Delivery	National Offshore Voluntary Compliance Initiative Coordinator 11601 Roosevelt Blvd. Philadelphia, PA 19154 DP S6005
--------------------------------	--

Those seeking information by telephone should call: 215-516-3537 (not toll-free). In addition, a special e-mail address, VCI@irs.gov, has been set up for taxpayer inquiries. More information on the Initiative can be found on the IRS Web site at www.irs.gov.